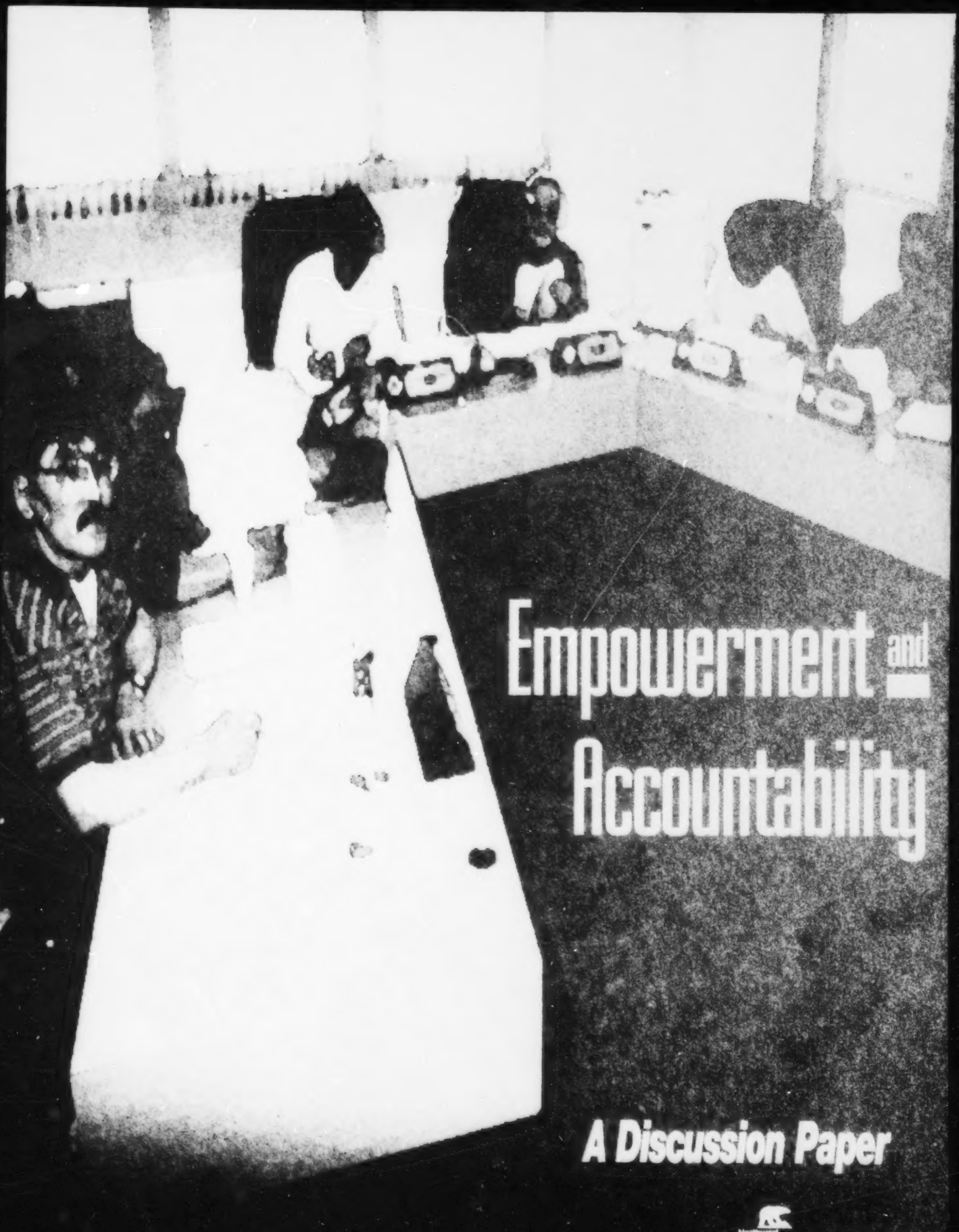

Empowerment and Accountability

A Discussion Paper

Northwest Territories Municipal & Community Affairs

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MACA

"Empowerment and Accountability"

A Discussion Paper

July 1995

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Executive Summary

The Department of Municipal and Community Affairs (MACA) faces a number of difficult challenges including: government fiscal restraint, Community Transfer Initiative (CTI) and Division of the NWT. To better meet these challenges, the Department is considering opportunities for change and would like to know what stakeholders think. The Department has therefore developed this discussion paper which outlines the following opportunities:

Mandate: The Department could revise its mandate to emphasize support to community governments and to include band councils in the definition of community governments, where the band council is the community government, recognized by community residents.

Rationalize Programs, Services and Structures: The Department could 'cap' programs with the fastest growing costs, such as the Water and Sewage Service Subsidy Program (WSSSP), and evaluate other programs to determine if they should be changed, reduced or eliminated. As well, the Department could consider reducing the number of area offices in one region (Fort Smith), eliminating positions within the Department, and consolidating some program and services with those of other departments.

Empower Communities: The Department could also encourage greater community empowerment through 'block transfer funding' arrangements coupled with increased MACA training support that emphasizes improving community governments' ability to plan, budget and implement in individual communities.

Delegate To Regions: To be more responsive to community needs, the Department could also delegate more authority for program and service delivery to regional offices. Areas that could initially be targeted for delegation could include Property Assessment and Lands Administration. Regions could also be tasked with providing community governments with more training support.

Improve Strategic Planning: With Regions assuming more authority for program delivery and training support, MACA headquarters could concentrate on long range planning involving identifying real needs of communities, evaluating whether programs and services are meeting stated goals and objectives, and identifying more cost-effective ways of delivering programs and services. Community governments should be taking a lead role, supported by the Department, to undertake their own long range planning.

Streamline Operations: The Department will streamline its own internal processes so that response time is faster, duplication minimized, and management systems made more 'user friendly'. Areas the Department could initially target could include involving community governments more fully in Department budget development, reducing community reporting requirements, contracting out programs and services, and making more effective use of available technology (e.g. E-mail, Internet, shared data bases). Feedback from community reporting should focus on evaluation of programs, evaluation of service level, effectiveness of programs, identification of difficulties, etc.

Preparing for Division: Preliminary Department planning indicates that each new territory would require its own MACA 'corporate headquarters' and this would result in a net increase in Department positions. As well, each new territory would likely require funding for its own municipal association, Assessment Appeal Tribunal and Territorial Board of Revision. MACA will be developing its own detailed Department transition plan for Division.

Increased Accountability: The Department could develop and implement a more effective performance measurement system, one that more accurately measures progress against stated goals and objectives including meaningful indicators concerning the Department's client base, internal processes and strategic direction.

MACA welcomes any feedback about these ideas from community government councils, mayors and chiefs, and other stakeholders.

Requests for more information and responses should be sent to: David Ramsden, Deputy Minister, MACA, Yellowknife. (Phone: 403-873-7118 or Fax: 403-873-0309).

Introduction

The Department of Municipal and Community Affairs (MACA) is considering opportunities for organization and program improvements that will help the Department better meet community needs while also meeting the challenges of government fiscal restraint, Community Transfer Initiative (CTI), Community Wellness, Income Support Reform, and Division of the Territories. Any changes made by the Department would be intended to further community empowerment, increase Department effectiveness and efficiency, and strengthen Department and community government accountability. We would like to know what you think about the options we are considering.

The purpose of this Discussion Paper is, therefore, twofold: to provide information to stakeholders on the forces of change confronting the Department and in turn community governments, and to outline potential improvements under consideration. The Department hopes the information presented stimulates discussion, generates useful feedback, and where possible, identifies areas of consensus.

Context for Change

Fiscal restraint and the cost of Division will present major challenges to the GNWT and the way in which the NWT is governed. It will require close examination of how government spends its money and how best it can realize value for money. It will also require new ways of doing 'business', with outdated practices giving way to new approaches. These challenges will impact on MACA and community governments.

The challenges are fairly recent. Until 1993, the GNWT enjoyed the financial buffer of an accumulated budget surplus, with over-expenditures in one year covered by accumulated surplus in following years. Unfortunately, after 1993, government revenues were not able

to match increases in spending and, by 1995-96, the GNWT anticipated a debt of $38 million which, by 1996-97, is forecasted to reach $100 million.[1]

Indeed, the Government of the NWT predicts that if current rates of spending growth continue, the GNWT could have an accumulated debt of more than $410 million by April 1, 1999. Interest payments alone on this level of debt would be more than $30 million a year.[2] Clearly something must be done to prevent this from happening.

Ironically, the GNWT did not get into this situation through uncontrolled spending. In fact, the GNWT has tabled a balanced budget for the past two years. Unfortunately, actual expenditures were higher than anticipated during both budget years resulting in annual deficits. In addition, the GNWT is facing a number of pressures and restrictions that are largely out of the government's control, but have serious budgetary implications. The first, fueled by a rapidly growing population, is the growing demand for more services. The birth rate in the NWT is about three times the national average and is not expected to decrease in the near future. By 1999, the NWT population is expected to reach 71,000[3]. The result of this rapid population growth is greatly increased pressure on programs such as housing, health, education, social services and municipal infrastructure - programs that collectively make up two-thirds of the GNWT budget.

Secondly, demand for services is growing even faster than the rate of population increase: more children are staying in school longer and going on to post-secondary institutions, increasing the need for education funding; more expensive medical technologies, coupled with poor health conditions, and a higher uptake of medical services are increasing the costs of health services; as more people move away from traditional hunting and fishing,

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[1]Eliminating the Deficit, Establishing a Sound Financial Framework for the NWT. Department of Finance, June 1995

[2]ibid

[3]GNWT Projections.

increasingly high levels of unemployment result in greater pressures on social assistance; and growing expectations that government will meet more and more of people's needs, all put pressure on government to increase spending.

Much of this pressure will fall directly on MACA - community financial assistance, sport and recreation programming, water and sewage services, property tax relief and community infrastructure requirements will all be directly impacted by the increase in population and increasing demands for programs and services.

In addition to these growing demands for money, the GNWT must also prepare for Division in 1999. Once Division occurs, both new governments will have all the legal responsibilities and powers currently held by the GNWT and will be responsible for providing program administration, services and facilities. The incremental money to establish two, separate governments will have to come from somewhere.

The increase in financial demands on the GNWT comes in the face of decreasing revenues. By far the most important source of revenue to the NWT is the Formula Financing Grant from the Federal Government. In 1994-95 the Grant totaled $880 million, making up more than 70 per cent of total GNWT revenues. However, in its 1995 budget, the federal government announced that Formula Financing Grants will be frozen in 1995-96 and the calculation of expenditure needs in the NWT will be reduced by 5 per cent in 1996-97. Together, these measures will cost the GNWT $200 million over the next four years. Previous cost cutting measures imposed by the federal government in 1990 have already cost the GNWT over $540 million in lost revenues over the past five years[4].

[4]Eliminating the Deficit, Establishing a Sound Financial Framework for the NWT, Department of Finance, June 1995

It must also be kept in mind that, in future, federal revenues are more likely to decrease than increase. One reason is the mounting uncertainty over Quebec which will mean the federal government will increasingly have to focus attention on keeping the country together, and the North is unlikely to be a high priority. Another reason is the Federal Government's commitment to a 'New Federalism', which is intended to decrease federal presence and avoid duplication of programs and services by devolving more responsibility to provinces and territories through bilateral agreements. The New Federalism will ultimately mean that the GNWT will find itself having responsibility in more and more areas.

The opportunities for making up lost revenues are also limited. Economic growth in the NWT is expected to be healthy over the next few years resulting in an increased tax base, but, because of the way the Formula Financing Grant is structured, increases in the tax base result in decreases in federal funding so no real gain is realized. Tax rates could be increased, but the opportunities for increased revenues generated through taxes are limited. The Department of Finance has projected that if all current taxes (personal and corporate income tax, fuel tax, payroll tax, tobacco tax, property tax and liquor tax) were increased to a maximum acceptable level, and a sales tax (7%) and capital tax were introduced, total revenue increase would be in the order $70 million a year, not enough to cover the $100 million deficit which could be reached in 1996-97[5].

In response to this situation, and to underscore the seriousness of the problem, the GNWT has introduced the Deficit Elimination Act which compels the government to balance its budget by 1998-99. If targets are not met, the Legislative Assembly can remove Cabinet Ministers from office. Given the projected deficits in 1996-97 and 1997-98, balancing the budget will require hard choices, both on the expenditure and revenue

[5]Ibid

side, and all departments, programs, services and capital expenses will be examined and evaluated. No area of government spending can be exempted from cost cutting measures.

The Cabinet has recently announced a set of priorities which must guide and direct change within each government department. Cabinet's priorities are to:

1. Support and encourage self-sufficiency and self-reliance of the individual, community and Territory.

2. Maintain minimum program and service levels necessary to ensure that basic human needs are met.

3. Support land claims and/or treaty entitlement settlements and meet resulting obligations.

4. Transform the machinery of government to:
   a) be more cost efficient;
   b) eliminate duplication and over-or unnecessary management, and;
   c) transfer and/or concentrate resources in program delivery rather than administration and overhead.

Given this situation, MACA has some tough choices ahead to meet the challenges of the day.

And yet, fiscal restraint is not the only factor affecting MACA's delivery of programs and services. At least as important are the changes happening at the community level. Communities are evolving and community governments are becoming more capable of delivering programs and services. As well, the GNWT's 'Income Support Reform' initiative,

'Community Wellness Strategy' and 'Community Transfer Initiative' will all challenge community governments to assume more responsibility. In the future, delivery of programs will more and more depend on the development of strong community governments; therefore, if MACA's programs are not relevant, effective and efficient, they could undermine the efforts of government overall. MACA must, therefore, now make the changes required to empower community governments to take over certain functions.

MACA'S Response

Department Mission and Objectives

MACA is a GNWT Department that helps community residents organize and manage effective democratic community governments to provide programs and services essential to good community life.

MACA delivers over 63 programs (see the box on the following page).

The Department has four strategic directions:

1. Support and encourage community government self-sufficiency and self-reliance;
2. Maximize the Department's efficiency and effectiveness;
3. Maximize the Department's ability to respond strategically and flexibly to community government needs;
4. Strengthen the Department's accountability to community governments and community government accountability to residents.

Partnership is a central theme to the way MACA approaches its responsibilities. MACA does not operate alone, rather, the Department works together with community governments, closely, collaboratively, and consensually.

Both levels of government are now being challenged, as never before, to deliver programs and services in more effective and more efficient ways.

MACA's PROGRAMS

Financial
Municipal Capital Assistance Program
Municipal Operating Assistance Program
- -Equalization contributions
- -Operating contributions
- -Extra-ordinary Contributions

Settlement Capital Assistance Program
Settlement Operating Assistance Pgrm
Community Planning Capital Assist Pgrm
Private Homeowners' Piped Water/Sewer Services Connection Rebate Program
Recreation Salary Subsidy Program
Sport Skills Grant Program
Intercommunity Sport Competition Grant Program
Recreation Facility Operating Subsidy
Igal Roth Memorial Community Planning Scholarship
Fire Protection Equipment Contributions
Water/Sewage Services Subsidy Pgrm
Major Sport Games Assistance
- -Arctic Winter Games
- -Regional Games
- -Canada Games
- -Traditional Games

Grants-in-Lieu of Property Tax Program
Municipal Debenture Loans Program

Sport North Operating Grant
Homeowners' Property Tax Rebate Program
Senior Citizens and Disabled Persons Property Tax Relief Program
Municipal Computerization Assist. Pgrm.
Emergency Measures Capital Equipment
Emergency Measures Disaster Funding and Flood Control Assistance
Emergency Measures/Joint Emergency Preparedness Program
Grants to Municipal Associations

Training
Aquatics Program
Recreation Leaders Program
Volunteer Leadership Training Program
Rec. Facility Operator Training Pgrm
Terr. Experimental Ski Training Program

Training (cont'd)
Community Land Admin Certification Pgrm
Planning and Lands Admin Training Pgrm
Community Works Mgt Training Pgrm
Emergency Measures Training Program
SAO and Councillor Training Program
Fire Fighter Training Program
Municipal Finance and Admin Training Program
Conduct of Municipal Elections Training Pgrm

Recreation Skills Training Program
National Coaching Certification Program

Community Development, Advice and Guidance

Municipal Evaluation Program
Mapping Program

Community Planning Program
Emergency Measures Planning
Municipal Financial Monitoring and Advice
General Municipal Mgt Advice and Guidance
Recreation Master Planning Program

Regulatory
Admin. of the Planning Act and Regulations
Community Plans, Zoning By-laws, and Subdivision Approvals
Admin. of Municipal Employees Benefits Act
Administration of Municipal Legislation
Municipal By-law Approvals

Admin of Commissioners Land Act and Regs

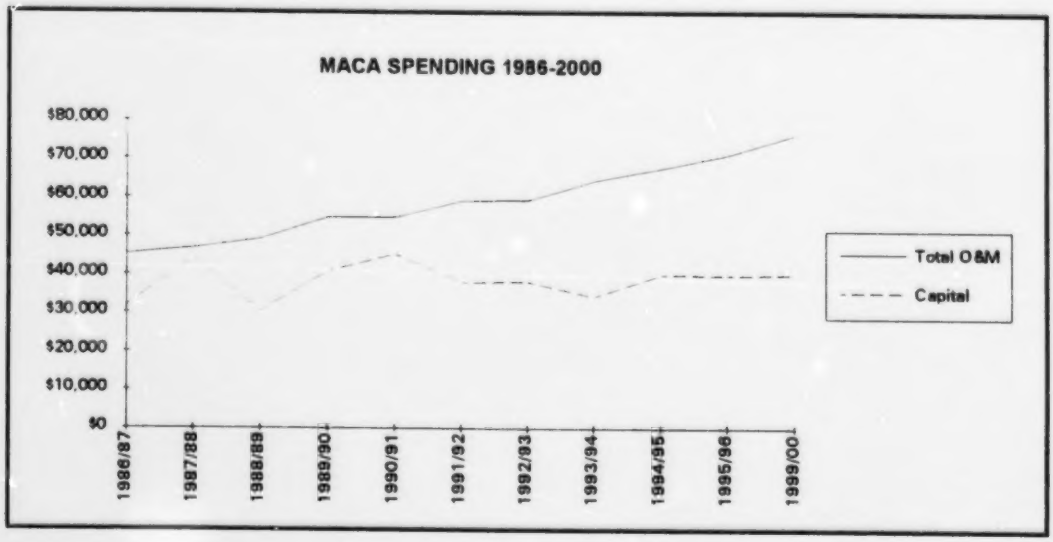
Other Programs
Land Administration

Land Development Capital Program

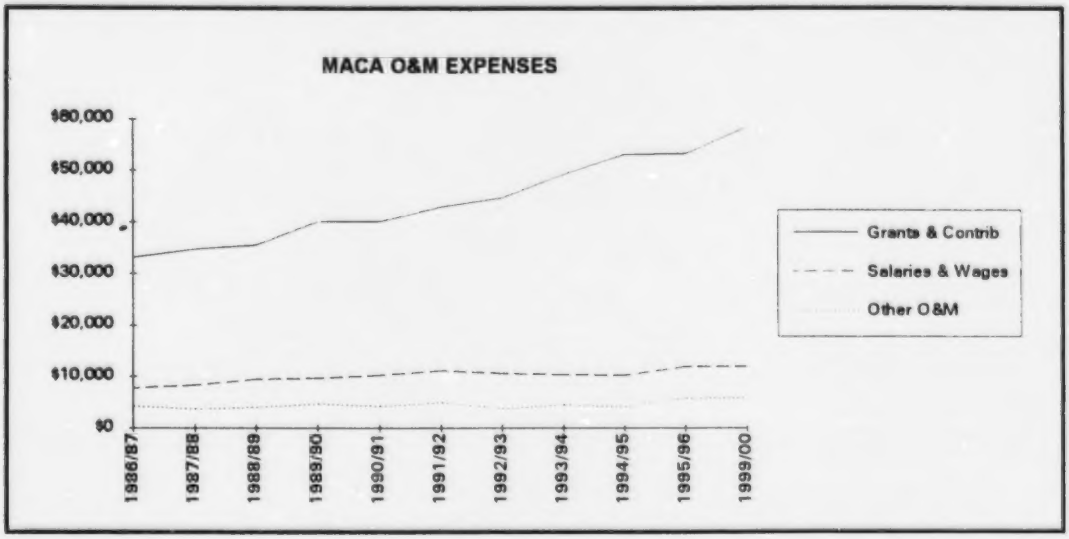
Surveys Program
Property Assessment
Emergency Measures Coordination
NWT Volunteer Recognition Awards
Fair Play Promotion/Recognition
Fitness Programs
Community Government Week
Career Promotion Activities

How does MACA spend its money?

MACA's 1995-96 budget totals approximately $111 million. Of this money, $40 million (36%) will be spent on capital items and $71 million (64%) will cover O&M costs. Over the past ten years, MACA's capital spending has been fairly constant, typically hovering between $35 and $40 million a year. O&M costs, on the other hand, have seen a constant increase of approximately 5% each year since 1986, as shown below.



A closer look at the Department's O&M costs shows they are made up of three categories: Grants and Contributions, Salaries and Wages, and Other Costs, with Grants and Contributions making up by far the largest cost category, with over $53 million (77% of O&M spending) allocated in the 1995-96 budget. Wages and Salaries, on the other hand, make up $12 million (17%) and Other Costs, $6 million (6%). Grants and Contributions are also the fastest growing area of MACA's spending, far outstripping other areas of expenditures, as shown in the following chart.

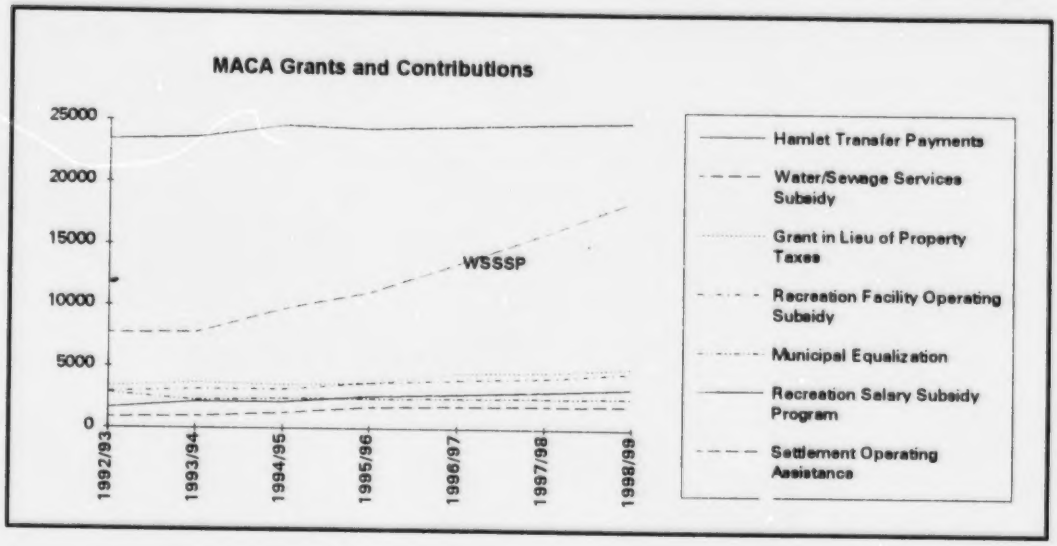


As the fastest growing area of MACA costs, the Department must take a good look at the money being spent on grants and contributions and evaluate the importance, effectiveness and efficiency of its programs.

MACA's Grants and Contributions are applied through the following broad categories:

- Operating Assistance to Community Governments
- Water/Sewage Services Subsidy
- Grant in Lieu of Property Taxes
- Recreation Facility Operating Subsidy
- Recreation Salary Subsidy Program

All of MACA's seven program areas are growing. However, by far the fastest growing is the Water and Sewage Services Subsidy Program (WSSSP) which, as shown in the following chart, is rapidly becoming an extremely costly program and, by 1999, will account for a full 30% of the Grants and Contribution budget.



What Has the Department Done to Pursue Its Strategic Directions?

One of the first steps taken by the Department to pursue its new strategic directions was to reorganize its Headquarters into a more efficient and effective structure. This was accomplished in June 1994 by reducing the number of Headquarters divisions and senior managers, consolidating divisions so there would be more of a 'one window' approach to serving clients, and establishing two new Senior Advisor positions to better coordinate Department response to the Community Transfer Initiative (CTI) and Division. In addition, the Department undertook a comprehensive review of its Regional operations and developed a 'preliminary' transition plan in preparation for Division.

What Still Needs to be Done?

An independent consultant's review of the Headquarters reorganization showed that, although stakeholders thought the Department was headed in the 'right direction', much more change, and dramatic change, was required for the Department to become more

efficient and effective in delivery of programs and services to communities, and to meet the real needs of community governments. Through its own regional review the Department itself also concluded that MACA's regional organizations need to undergo a number of changes.

The preliminary Division Report also indicated that by 1999, with Division of the Territories, two separate MACA Departments, each with their own separate corporate headquarters, would be required and the cost of funding the two separate structures would have to be factored into Department plans and budgets.

Emerging Themes

In the remaining years leading up to Division, the Government will need to find the resources necessary to cover both the additional cost of two 'corporate structures' and increasing resident demand for program and services. Since any change in budget distribution will impact on community governments, finding the necessary funds will require tough choices. It will also mean that, in making these decisions, 'everything must be on the table' with every program and service, every position, every capital dollar judged on whether it is needed to meet the real needs of communities, or whether it 'aids in the development of strong community government.'

Three themes should guide decision making.

Community Empowerment: Plans and strategies to control spending must factor into account not only fewer available government dollars for community governments to deliver programs and services, but balance these constraints with greater community freedom to choose the best means of delivery. Indeed, the variety of community approaches and solutions should only be limited by the creativity and motivation of community governments, by resources available from the GNWT, and by revenues generated by the community government.

This will mean community governments assuming more responsibility and control for developing their own solutions, and relying less on the ability of MACA to develop territorial-wide solutions. Within broad program parameters, this will necessarily entail fewer Department restrictions on what a community government can do and cannot do.

MACA recognizes that while community governments are being encouraged to take on more responsibilities and authority, current legislation often restricts their ability to do so.

To address this issue, MACA is currently reviewing the Municipal Acts, (including the Settlements Act, Hamlets Act, Charter Communities Act, Cities, Towns and Villages Act, Local Authorities Elections Act, and Property Assessment and Taxation Act), and looking at changes that would increase community government flexibility and autonomy. It is expected that these changes would allow community governments to undertake new ways of raising their own revenues, using such 'tools' as user fees, taxation, and increased business activity. It is also expected that decisions about how best to raise revenues should be made at both the community level, and by the Territorial Government. There should be greater freedom available to each community government to pursue expenditure reductions or reductions in levels of service within the community.

The shift in authority to community governments, including the shift from other GNWT departments, will also bring with it the need for more community training and support. The Department is updating its Education Strategy, and will be seeking input to effectively implement objectives in this area, in the near future. The Department will have to factor this increased demand into its reorganization and budgetary plans. Although, in the short term, this suggests greater expenditures on MACA's part to meet the need, in the longer term community governments will become more self-reliant, and better able to serve their residents. This will leave community governments less affected in the future by GNWT fiscal restraint.

More Effective and Efficient MACA: Within MACA itself, more effective and efficient ways will have to be developed to deliver programs and services. Here, effective should mean: Are we doing the right things essential to good community life? 'Efficient' should mean: Are there better ways (less costly) of delivering the same programs and services? In answering these questions, the Department will be challenged to rationalize Department programs, services and structures, streamline management systems, and improve the Department's strategic planning. The Department will also

have to factor assisting communities to better prepare for Division into its plans since it is the communities that Division will impact most directly.

Accountability: If community governments are given more freedom to find their own solutions through such mechanisms as 'block transfer funding', then they must also be held more accountable to their residents for the 'results' they attain. And this is also true for MACA. If the Department is in true partnership with community governments, and is expected to provide more training and support to community governments, then MACA must also be measured by the same results: more effective and efficient program and service delivery, and increased community satisfaction.

Opportunities for Change

Outlined in this section are some of the opportunities for change MACA is considering to empower community governments, make MACA more effective and efficient, and improve accountability for both levels of government.

Mandate

The Department could revise its mandate to place more emphasis on training and support to community governments. The mandate could also be revised to include band councils in the definition of community governments, where they serve as community governments.

Rationalize Programs, Services, and Structures

Given the realities of fiscal restraint, the Department is considering a number of opportunities to reduce costs. The first opportunity would be to 'cap' or place a ceiling on rapidly growing program and service areas such as the Water and Sewage Service Subsidy Program (WSSSP). WSSSP currently accounts for almost 22% of all grants and contributions to communities and by 1998/99 is expected to account for 30% of all grants and contributions.

The second opportunity would be to eliminate, reduce or alter programs and services that no longer meet the test of being 'essential to good community life'. Programs that should be considered against these criteria, for example, include the Homeowners' Property Tax Rebate, and the Territorial Experimental Ski Training Program.

As well, MACA is considering reducing the number of area offices in the Fort Smith/Fort Simpson/Rae-Edzo region from three offices to two offices and, as the Department's role changes to more of a support function, eliminating some positions within the Department as a whole.

The Government must also start looking at bringing similar functions together to reduce redundancy. Therefore, MACA would look for opportunities to consolidate programs and services with other Departments. For example, all youth programs could be consolidated into one Department, and the Department of Safety and Public Services' Fire Marshal office could be consolidated with MACA'S community protective services programs. The Department could also consolidate some of its own programs, such as the Intercommunity Sport Competition Grant Program and the Sport Skills Grant Program.

The Department is also evaluating third party agencies such as Sport North and, in the longer term, evaluating the effectiveness and efficiency of its programs. MACA expects program evaluation to reveal further opportunities for savings and allow the Department to better target spending.

Questions: Besides the WSSSP, what programs should the Department 'cap', sunset, or significantly alter? Other than those identified, are there other programs that should be eliminated and/or consolidated? To avoid some program impact, are there levels of service that could be reduced? Has the Department gone too far, or not far enough, in proposed structural improvements?

Empower Communities

Empowering communities means, in its simplest terms, increasing a community's ability to take care of itself. This requires not only providing financial resources, but also providing the community with real choices and the ability to take advantage of these choices. "True empowerment means communities must be allowed to make their own decisions, live with and learn from their own mistakes. The Department is looking at ways to support community empowerment through increasing the scope of community decision making and providing training and support to enable communities to make effective decisions.

To increase the range of community decision making power, the Department is examining opportunities to increase the amount of funding delivered through *block transfer funding*. In this way, community councils would be empowered to make spending decisions based on their own assessment of community needs, priorities, and aspirations, with the benefit of advice and guidance offered by the Department. This would also provide community governments with the flexibility to be more creative in meeting community needs. One program that could be considered for block transfer funding would be the Recreation Salary Subsidy Program (RSSP). The Water and Sewage Services Subsidy Program could also be revised to empower communities to establish their own locally determined rate subsidy policy.

As community governments take on more responsibility for decision making, they will also require a greater range of skills and experience. To assist communities with their new responsibilities, MACA proposes to increase training for community governments with an emphasis on improving the community's ability to plan, budget and implement programs and services. The Department's role would be to assist community councils and administration fulfill responsibilities competently and with confidence.

Questions: Do you think block transfer funding is an appropriate way to provide community funding? What conditions, if any, should be attached to funding? What programs do you think should be transferred through block transfer funding?

Delegate to Regions

Regions have the closest day-to-day contact with communities and are most knowledgeable about community needs and aspirations. Also, it is Regions that now provide most of the training support and deliver most of the Department's services to community councils. It also makes sense to have programs delivered by staff located as close as possible to those receiving the service.

The Department, therefore, is considering delegating more authority for program delivery to regional offices so they can be more responsive to community needs. With the exception of Yellowknife, Regions would become the Department's "window" to the community and would be responsible for delivering all Department programs and services to both tax-based and non-tax-based communities. Along with increased regional responsibility would come more authority.

The functions of Property Assessment and Lands Administration could also be delegated to Regions where there is sufficient volume of work to warrant dedicated regional staff. This would mean decentralizing Property Assessment in the Inuvik, Keewatin, and Fort Smith Regions. This shift in authority would provide regional staff with the hands-on experience that will be required as more communities move to take over municipal taxing authority. Land Administration is to be further decentralized in the Keewatin and Kitikmeot Regions to allow regional staff to improve advice and assistance to

communities. Lands Administration has already been decentralized in the Baffin and Inuvik Regions.

The Department is also considering reducing the requirements for Ministerial approval for municipal by-laws.

With CTI and the continuing evolution of community governments there will also be a growing need for the Department to offer community governments a broad range of training support with an emphasis on improving community management capabilities.

Questions: What do you think is the proper role for MACA Regions? Do you think delegating more responsibility and authority to the Regions is a move in the right direction? Are there other tasks or roles you think the Regions should take on?

Improve Strategic Planning

With Regions assuming more authority for program delivery, MACA headquarters will be able to concentrate on long range planning. This would involve identifying real needs of communities, evaluating whether programs and services are meeting stated goals and objectives, and identifying better ways, or more cost-effective ways, of delivering programs and services.

Strategic planning is also important at the community level to address the broad range of social, economic and political aspirations of local residents. Therefore, the Department is looking at initiating a Community Strategic Planning Program. The program could provide advice, guidance and funding to assist community governments as they undertake the process of community strategic planning. This would involve taking stock of current needs and priorities, by identifying community aspirations and developing an action plan for achieving them.

Question: Is strategic planning a proper role of MACA? Do you support more community strategic planning? Who should provide the required training in Community Strategic Planning to communities?

Streamline Operations

One of the best ways the Department can be more effective is to streamline its own internal processes so response time is faster, duplication is minimized and management systems are made more 'user friendly.' Streamlining, however, should not mean the Department 'cuts out' community governments from important processes and decisions, rather that community governments are better served and more clearly understand the steps taken in decision making. To meet both ends, the Department is considering a number of opportunities to streamline its operations.

First, the Department could review procedures / systems, including Capital and O&M Budget Development, Municipal Operations Monitoring, Municipal Evaluation, and Land Administration processes with the aim of involving (where confidentiality rules permit) community governments more fully in budget development while also targeting internal processes to eliminate, simplify and/or consolidate. Only the most essential 'checks and balances' would be kept.

Secondly, the Department could reduce and simplify financial community government reporting requirements.

Finally, the Department could make better use of available technology (e.g. E-mail, Internet, shared data bases) to communicate and share information with its own staff, other government departments and community governments.

Question: How can community governments be better involved in the budget development process, specifically what checks and balances should be removed to improve the process? To reduce 'rules' and overly complex reporting requirements, what changes should be made to existing legislation? What tasks of MACA should be contracted out? What areas of technology should be used by the Department?

Preparing for Division

In addition to changes to the way MACA currently operates, the Department will also have to prepare itself for Division. Although the needs of each new Territory will differ due to differences in the form of community governments, the status of land claims, and the degree of CTI accomplished, it can be assumed that each Territory will have a department providing MACA-type services.

The Nunavut Implementation Commission has recommended a streamlined government headquarters that deals only with "corporate" functions rather than program delivery. It is proposed in their recent report that municipal affairs, housing, and transportation would be rolled into one department and MACA would continue to function as the single funding agency for programs delivered by community governments. However, more programs and authority would be transferred to community governments, and community governments would be responsible for the administration of municipal lands. The Department would, therefore, be required to provide continuing training, advice and assistance to support community governments as they become stronger and more multi-faceted in their responsibilities. Developing community sport organizations from the community to Territorial level would also be a major issue in Nunavut.

In the Western Territory, the government structure has yet to be decided through the ongoing constitutional development process. The Western Territory has more variation in community government forms than Nunavut, including a city, towns, hamlets, settlement corporations, charter communities, and band councils, and community government continues to evolve with the settling of land claims, negotiation of self-government, and CTI. The Department will, therefore, have to look at legislative changes to facilitate the evolution of these diverse community structures. Initially, the communities will also likely continue to have the Department be responsible for administering Commissioner's lands in most communities.

The Department will be developing plans to at least maintain, and preferably strengthen regional offices and the resources available to them. This shift will occur in the short term, and remain until full program delivery responsibility rests with the communities.

Since neither Nunavut nor the Western Territory has a very large tax base, this will continue to be an important issue in both new Territories. Both governments will, therefore, need to develop new revenue sources to increase local and financial independance.

Currently, the distribution of municipal capital and O&M spending is fairly equally divided between the East and West; therefore, there is not expected to be a major reallocation of resources between the Territories.

However, each Territory would have separate corporate headquarters, each responsible for their own strategic planning and evaluation, financial management and day-to-day support for Ministers, while Regions would continue to have a major support and training role. MACA's initial planning work indicates that the two corporate headquarters structures would require a complement of 49 positions in Nunavut and 58 positions in the Western Territory for a combined total of 107 headquarters positions. This would

represent an increase of 37 positions (53%) over the current target of 70 positions in Yellowknife headquarters. There would also be additional municipal capital requirements of between $13 and $16 million depending on the site of the Nunavut capital. Additional incremental costs such as funding for Nunavut municipalities to establish their own municipal associations and establishing a separate Assessment Appeal Tribunal and Territorial Board of Revision for appeal of property assessments would also be incurred.

Funding for all of these incremental costs have yet to be found. The Department must now develop a detailed transition plan for Division.

Questions: How do you think MACA should prepare for Division?

Increased Accountability

The Department proposes to develop and implement an effective performance measurement system that measures progress against stated goals and objectives. The system would include meaningful indicators concerning the Department's:

- ***Client Base*** - Are community governments and local residents satisfied with the level of program and service delivery? Are their aspirations being met? What changes do they want to see?

- ***Internal Processes*** - How long does it take to process a contribution or information request? Are all internal checks and balances necessary?

- ***Strategic Direction*** - Is progress being made on the Community Transfer Initiative (CTI), preparing for Division and implementing fiscal restraint? What future programs and services are required for 'good community life.'

An effective performance measurement system would increase Departmental accountability to community governments. Similar initiatives by the community government would increase their accountability to local residents / taxpayers.

Question: What set of indicators should MACA and community governments use to chart progress? Should the indicators of success be different for each level of government?

Impacts

The proposed changes will impact stakeholder groups differently. In the case of community governments, they will have the opportunity to take on more responsibility and determine the most effective approaches to program and service delivery. They may, however, have less money to meet community needs, at least in the short term, and will have to contend with growing resident expectations for more services and programs. This will mean tough choices: What programs and services to offer? What programs and services not to offer? And how best to justify, clearly and reasonably, why a certain course of action is taken. The job will not be easy.

Regional offices will also have a more demanding role. Although provided with some additional resources, they will be expected to provide considerably more community government training and support, both for tax-based and non-tax based communities. The greater training and support role must, however, not mean that Regions start doing the job of community governments, which would conflict with Cabinet's stated goal of developing more self-sufficient and self-reliant communities. Regions must therefore define their role as 'collaborative'.

As roles and responsibilities change, MACA headquarters will be more able to assume the proper role of a government corporate headquarters' structure, namely to focus more on strategic planning, policy development, and evaluation. This will mean that MACA as a Department will be expected to develop a clear vision of the 'big picture' and to answer whether departmental resources are being put to the best. It will also mean that over the long term there will be opportunity to reduce dollars spent maintaining Department corporate structures.

Finally, community residents will have to assume more responsibility in the area of accountability: recommending what is important for government to deliver, who should deliver, and how progress should be measured.

Next Steps

MACA would welcome any feedback from community government councils, Mayors, and Chiefs, on the discussion paper. Other stakeholders are also welcomed to provide feedback to the Department. The Department's intention is to use all the views, opinions, and suggestions obtained to develop a detailed MACA Business Plan for the period leading up to, and immediately after, division of the NWT in 1999.

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